

# Obscure No More: China's Cities Gain Clout

By Ralph Bean

China's rapid economic growth is not just making the Chinese market larger, it is also generating new markets that embrace more of the country's 1.3 billion population. Beyond the "big three" cities of Beijing, Shanghai and Guangzhou, previously obscure cities are becoming major centers for manufacturing and commerce. And incomes are rising rapidly, making the cities even more vital and attractive as markets.

A handful of these emerging cities—such as the coastal resorts of Qingdao and Dalian—have already caught the eye of U.S. food exporters. But most are little known outside China.

## Survey Evaluates Market Potential

The Shanghai ATO (Agricultural Trade Office) conducted a private survey

to identify the top markets for Eastern and Central China. Knowledge about these markets is limited by a lack of data. Official statistics miss these markets as they report figures only for provinces, provincial capitals and special economic zones.

Excluding Shanghai, the survey encompassed the 30 largest cities in the region, based on GDP (gross domestic product). The ATO also wanted to capture other economic indicators—population and per capita and median incomes—that best reflect the potential of these markets.

## Twenty Boston's

The survey ranked cities based on GDP, including only the core urban area for each city.

Some of these towns, like Chengdu and Qingdao, are well known. These provincial capitols and major ports support a strong presence of international food retail chains.

More surprising was the high concentration of cities, most unknown to Westerners, in the provinces of Zhejiang and Jiangsu. The Hangzhou-Shanghai-



23060

Nanjing corridor is packed with large, prosperous cities, all connected by a web of road, rail and river transport links within a few hours of Shanghai.

Jiangsu's northern neighbor, Shandong province, also turned in a strong performance, adding four cities to the list (several others fell just short).

A second surprise was the high income levels for certain cities, a key indicator of market potential. As expected, all the cities placed below Shanghai in income, except for Wenzhou in the southern Zhejiang province, where income



60199



## The Numbers Game

**M**any of the figures in this survey, especially population, differ from those published elsewhere. That is because this survey only included official population within the statutory city limits.

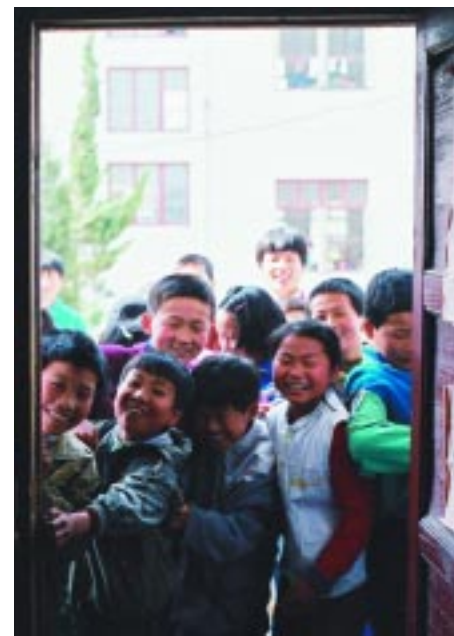
Suburbs and satellite cities are excluded, as are undocumented migrants (whose numbers can rank in the hundreds of thousands). Income statistics, too, should be considered with caution.

### Top 30 Cities, Ranked by GDP

Emerging City Markets in Central and Eastern China

City	Province	Population (Thousands)	Gross Domestic Product (\$ million)	Per Capita Income (Dollars)	Median Income (Dollars)
Suzhou	Jiangsu	1,171	25.1	1271	1082
Chongqing	Chongqing	3,934	23.8	813	736
Hangzhou	Zhejiang	1,933	21.5	1318	1169
Chengdu	Sichuan	2,341	20	983	848
Wuxi	Jiangsu	1,245	19.3	1143	1041
Qingdao	Shandong	1,704	18.4	1055	985
Ningbo	Zhejiang	87	18	1450	1268
Wuhan	Hubei	4,490	18	883	766
Nanjing	Jiangsu	2,822	15.7	1070	n/a
Jinan	Shandong	1,850	14.5	1157	1084
Yantai	Shandong	918	13.5	999	986
Wenzhou	Zhejiang	563	12.8	1596	n/a
Shaoxing	Zhejiang	311	11.2	1290	1096
Weifang	Shandong	684	10.9	883	811
Nantong	Jiangsu	1,417	10.8	1026	n/a
Xi'an	Shaanxi	2,926	9.9	811	703
Changsha	Hunan	1,489	9.8	1053	968
Xuzhou	Jiangsu	1,121	9.6	921	814
Changzhou	Jiangsu	837	9.2	1137	1009
Kunming	Yunnan	1,940	8.8	942	n/a
Jiaxing	Zhejiang	300	8.6	1302	n/a
Taizhou	Zhejiang	275	8.2	1311	n/a
Jinhua	Zhejiang	362	8.2	1256	n/a
Yancheng	Jiangsu	981	8.1	839	n/a
Zhenjiang	Jiangsu	2,666	0.7	931	861
Yangzhou	Jiangsu	531	6.7	871	n/a
Taizhou	Jiangsu	304	6	900	n/a
Huzhou	Zhejiang	351	5	1377	n/a
Hefei	Anhui	1,107	5	824	n/a
Mianyang	Sichuan	440	4.5	951	799

n/a = not available.



beginning in Shanghai or Guangzhou, it is a mistake to assume that products will eventually wend their way into nearby markets. Marketing strategies need to be adapted to account for these differences.

Consumers in interior cities tend to be price sensitive and less receptive to new products. If a product is new to China, it may be better introduced into established markets where unfamiliar foods are more readily accepted. ■

*This article is based on a survey conducted by a contractor for the Agricultural Trade Office in Shanghai, China. Tel.: (011-86-21) 6279-8622; Fax: (011-86-21) 6279-8335; E-mail: atos@public.sta.net.cn*

For details, see FAS Report CH3818. To find it on the Web, start at [www.fas.usda.gov](http://www.fas.usda.gov), select **Attaché Reports** and follow the prompts.

